



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF REVENUE

**State of Rhode Island Budget-to-Actual Revenue Report
Year-to-Date FY 2009 through April 2009**

Beginning in September 2008, the Rhode Island Department of Revenue (RI DOR) will publish a Budget-to-Actual Revenue report. This report compares revenue collections on a fiscal year-to-date basis to the Office of Revenue Analysis' fiscal year-to-date estimate of revenue collections based on the FY 2009 revenue estimate. It should be noted that the FY 2009 revenue estimate will vary over the course of the fiscal year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.

The purpose of the Budget-to-Actual Report is to give readers a sense of how the state's revenue collections compare to those that might be expected if the official revenue estimate was being met in a predictable way. Caution should be exercised when interpreting this report as actual collections may vary significantly from past collection patterns.

Fiscal Year-to-Date Estimate of Final Enacted FY 2009 Revenues

In order to determine the expected year-to-date revenue collections based on the final enacted FY 2009 revenue estimate passed into law without the Governor's signature on April 7, 2009, the Office of Revenue Analysis first determines the average percentage of total collections for the past five fiscal years that occurred in a given month. For Inheritance and Gift taxes the past ten fiscal years are used. In the case of Other Miscellaneous Revenues and the Unclaimed Property transfer, the actual year-to-date collections are used due to the discrete and unpredictable nature of the timing of these receipts. These percentages are then applied to the final enacted FY 2009 revenue estimate for each revenue item.

Thus, for example, the final enacted revenue estimate for Insurance Companies Gross Premiums taxes for FY 2009 is \$89,771,882. The average percentage of total Insurance Companies Gross Premiums taxes that were collected through April over the past five fiscal years is approximately 49.2 percent (Insurance Companies Gross Premiums tax payments are made in March and June of the fiscal year, with 40.0 percent of the estimated calendar year tax liability paid in March and 60.0 percent of the same paid in June. In addition, final payments for the prior calendar year tax liability are due on March 1 of the fiscal year.). This percentage applied to the FY 2009 final enacted estimate for Insurance Companies Gross Premiums taxes yields the Year-To-Date April Estimate of Enacted FY 2009 Insurance Companies Gross Premiums taxes of \$44.2 million. This process is repeated for all revised revenue items except as noted above.

The table below provides the rounded five year average percentages for year-to-date collections through April:

Revenue Item	Percent of Total Collected through Fiscal YTD	Revenue Item	Percent of Total Collected through Fiscal YTD
Personal Income Tax		Sales and Use Tax	83.4 %
Estimated	79.4 %	Motor Vehicle	77.3 %
Final	96.1 %	Motor Fuel	78.8 %
Withholding	83.5 %	Cigarettes	82.3 %
Refunds	84.4 %	Alcohol	80.9 %
Business Corporations	68.5 %	Inheritance & Gift	77.8 %
Public Utilities Gross Earnings	45.1 %	Racing & Athletics	82.7 %
Financial Institutions	43.1 %	Realty Transfer	83.4 %
Insurance Companies	49.2 %	Departmental Revs.	75.9 %
Bank Deposits	38.8 %	Gas Tax Transfer	83.4 %
Health Care Provider Assessment	81.7 %	Lottery	73.7 %

The final enacted FY 2009 revenue estimates passed into law without the Governor's signature on April 7, 2009 by revenue item are as follows:

Revenue Item	Enacted FY 2009 Estimate	Revenue Item	Enacted FY 2009 Estimate
Personal Income Tax		Sales and Use Tax	\$832,100,000
Estimated	\$194,000,000	Motor Vehicle	48,000,000
Final	225,000,000	Motor Fuel	930,000
Withholding	901,500,000	Cigarettes	131,933,333
Refunds	(309,100,000)	Alcohol	11,100,000
Business Corporations	108,000,000	Inheritance & Gift	28,000,000
Public Utilities Gross Earnings	104,500,000	Racing & Athletics	2,500,000
Financial Institutions	2,000,000	Realty Transfer	7,800,000
Insurance Companies	89,771,882	Dept. Revenues	333,821,644
Bank Deposits	1,700,000	Gas Tax Transfer	4,475,000
Health Care Provider Assessment	48,532,710	Lottery	349,100,000

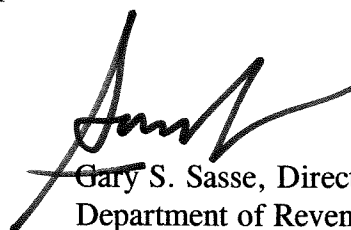
The final enacted FY 2009 estimate for Other Miscellaneous Revenues is \$17,730,286 and for the Unclaimed Property transfer it is \$9,300,000.

Results for the First Ten Months of FY 2009

The attached table gives the results for the first ten months of FY 2009. As is apparent from the table, the Department of Revenue finds that adjusted year-to-date April cash collections for Total General Revenues are less than expected cash collections based on the final enacted FY 2009 revenue estimates by \$(101.5) million, or -4.1 percent. In Total Taxes, the variance from final enacted expected collections is \$(73.6) million, or -3.8 percent. For Taxes and Departmental Receipts, the difference from final enacted expected collections is \$(94.3) million or -4.3 percent. For Other General Revenue Sources, YTD April adjusted cash collections trail the final enacted estimate by -2.4 percent, or \$(6.7) million.

Within taxes, Public Utilities Gross Earnings tax payments have the largest positive difference between expected final enacted collections and adjusted cash collections, with a variance of \$9.1 million, or 19.4 percent, followed by Business Corporations tax receipts, with a variance of \$5.7 million, or 7.7 percent. It should be noted that year-to-date adjusted cash Business Corporations Tax collections include \$1.2 million of reimbursed Historic Structures Tax Credits. Financial Institutions tax payments exceed expected final enacted collections by \$3.3 million or 378.7 percent. Year-to-Date adjusted cash collections for Financial Institutions taxes of \$4.1 million include \$3.0 million of reimbursed Historic Structures Tax Credits. Year-to-date adjusted cash Inheritance and Gift Tax collections outpace expected final enacted collections by \$1.8 million or 8.3 percent.

On the negative side, year-to-date adjusted cash collections for the Personal Income Tax trail expected final enacted Personal Income Tax collections by \$(64.5) million or -7.5 percent. This large deficit persists in spite of the inclusion of \$40.2 million in reimbursed Historic Structures Tax Credits in the year-to-date adjusted cash figures. Insurance Companies Gross Premiums taxes are \$(15.9) million below the expected final enacted collections, or -36.0 percent. It should be noted that year-to-date adjusted cash Insurance Companies Gross Premiums collections include \$6.5 million of reimbursed Historic Structures Tax Credits. Sales and Use taxes are below expected revised collections by \$(7.8) million, or -1.1 percent. Year-to-date adjusted Departmental Receipts cash collections trail final enacted expected collections by \$(20.7) million, or -8.7 percent while the variance for the Lottery Transfer is \$(6.7) million less than the expected final enacted transfer, or -2.4 percent below expectations.



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Department of Revenue

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STATE OF RHODE ISLAND

Year-to-Date Budget to Actual

	YTD April Estimate of Enacted FY 2009	YTD April Adjusted Cash FY 2009		Difference	Variance
Personal Income Tax	\$ 861,839,883	\$ 797,342,053 ***		\$ (64,497,830)	-7.5%
General Business Taxes					
Business Corporations	73,961,234	79,643,629 ***		5,682,395	7.7%
Public Utilities Gross Earnings	47,131,777	56,280,078		9,148,301	19.4%
Financial Institutions	862,870	4,130,809 ***		3,267,939	378.7%
Insurance Companies	44,149,652	28,272,225 ***		(15,877,427)	-36.0%
Bank Deposits	659,517	717,107		57,590	8.7%
Health Care Provider Assessment	39,653,964	39,683,000		29,036	0.1%
Excise Taxes					
Sales and Use	693,707,217	685,878,254		(7,828,963)	-1.1%
Motor Vehicle	37,125,833	37,398,618		272,785	0.7%
Motor Fuel	732,761	750,368		17,607	2.4%
Cigarettes	108,609,530	103,482,898		(5,126,632)	-4.7%
Alcohol	8,979,884	8,652,713		(327,171)	-3.6%
Controlled Substances	-	-		-	-
Other Taxes					
Inheritance and Gift	21,785,021	23,591,919		1,806,898	8.3%
Racing and Athletics	2,068,090	2,038,134		(29,956)	-1.4%
Realty Transfer	6,505,354	6,279,402		(225,952)	-3.5%
Total Taxes	\$ 1,947,772,587	\$ 1,874,141,207		(73,631,380)	-3.8%
Total Departmental Receipts	\$ 239,173,254 *	\$ 218,482,479		(20,690,775)	-8.7%
Taxes and Departmentals	\$ 2,186,945,841	\$ 2,092,623,686		(94,322,154)	-4.3%
Other General Revenue Sources					
Gas Tax Transfer	3,733,741	3,636,729		(97,012)	-2.6%
Other Miscellaneous Revenues	13,141,110	13,141,110 **		-	0.0%
Lottery Transfer	257,304,320	250,734,447		(6,569,873)	-2.6%
Unclaimed Property	-	-		-	-
Total Other Sources	\$ 274,179,171	\$ 267,512,286		(6,666,885)	-2.4%
Total General Revenues	\$ 2,461,125,012	\$ 2,360,135,972		(100,989,039)	-4.1%

* Added \$70.3 million for hospital licensing fee

** Set equal to actual/enacted due to skewed spreads/transfer made in June

PIT Component	YTD Estimates	YTD Actuals	Difference	Variance
Estimateds	\$ 154,036,403	\$ 138,073,110	\$ (15,963,293)	-10.4%
Finals	216,204,232	167,302,284 ***	(48,901,948)	-22.6%
Withholding	752,606,792	743,670,704	(8,936,088)	-1.2%
Refunds	(261,007,544)	(251,704,046)	9,303,498	-3.6%
Total	\$ 861,839,883	\$ 797,342,052	\$ (64,497,831)	-7.5%

*** Historic Structure Tax Credit receivables of \$40.2 million for Personal Income tax, \$1.2 million for business corporations tax, \$3.0 million for Financial Institutions, and \$6.5 million for Insurance Companies tax are added for comparability to revised estimate.